

Defense Contract Management Command



Civil Military Integration (CMI) Thinking Ahead

“Strategic Alliances”

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At our last meeting....

Introduced the concept of an alliance with suppliers to ensure segment-wide consistent approach to achieve “critical mass” on CMI initiatives

Our next step was to look at what industry is doing and assess applicability and benefits



Criteria for an Effective Alliance

As a Minimum Industry Says You Must Have:

- **Senior management support and interface**
- **Needs over two years in duration**
- **Cost-reduction programs**
 - **Design targets**
 - **Shared risks and rewards**



Structuring an Alliance

3 Basic Elements to Any Alliance:

- **Technical Elements**
- **Financial Elements**
- **Management Elements**

Could take form of a CONOPs or MOU- “Sincere intent” of long term - may be ended if either party fails to meet commitments and expectations



Example

➤ **Allied Signal:**

- **Productivity (cost reduction programs)**
- **Quality Systems**
- **Delivery (On time delivery performance)**
- **Continuous Improvement Strategies**
- **EDI programs**
- **Communications**
- **Performance Improvement**



How would we do it?

- Identify those technical, management and financial criteria we would use as the basis of an alliance
- Set our own criteria for selecting “test” candidates for an alliance
- Use the existing infrastructure to deploy the alliance concept

*Note: the concept is not exactly new...but
this approach IS!*



The concept as we've known it...

Partnering to achieve specific objectives at a particular program or site:

- Joint Process Improvement Targets
- Management Council Objectives

Now, broadening the scope to achieve strategic objectives...



The new approach...

What are the strategic goals of the Department that we want to flow through all levels of the Department and Industry?

- Management
- Technical
- Financial



Candidate Selection

Start Creating Business Segments By grouping contractors with similar characteristics in 4 areas:

- **Commodity**
- **Commercial Mix**
- **Services**
- **Not CAS Covered**

**Will Be Some Natural
Candidates-
Sole Source Contractors
Regardless of Threshold**



Within the Commodity Group

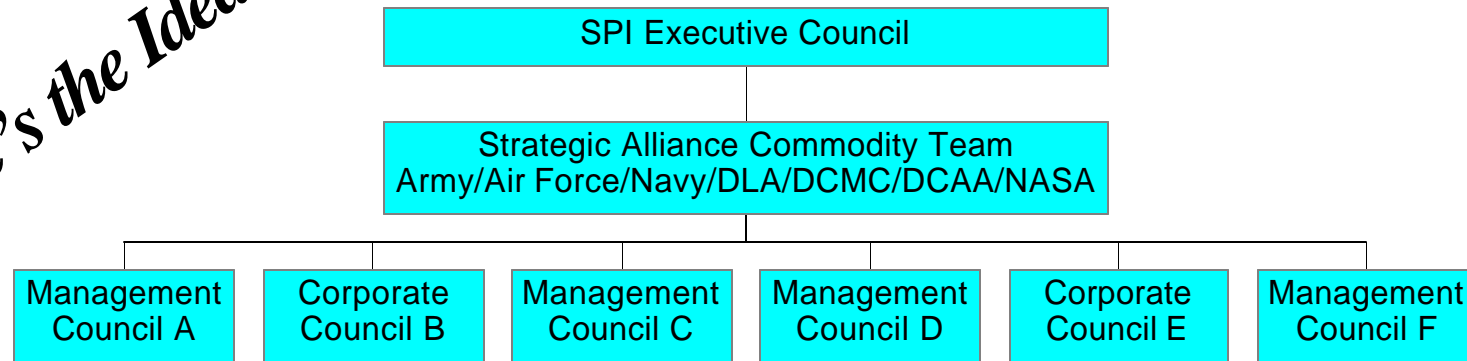
Commercial Mix

- **At least 5% Military**
- **Integrated or Similar Product Lines
(Commercial/Military)**
- **Excellent Performance History**
- **Firm Fixed-Price contracts
(commercial-like)**



Who establishes the Alliance?

Here's the Idea



- **Strategic Alliance Commodity Team**
 - Develops Strategic Alliance Business MOU Using Established Criteria
 - Coordinates Contractors and Effected Programs Across Commodity
 - Presents to SPI Executive Council for Approval
 - DCMC Assists Block Change Management Team in Implementation using SPI, AR Tools and Reports Progress



Where Do We Go From Here?

- **You endorse the basic concept and approach**
- **Already started looking at potential candidates**
- **Will use framework outlined to identify 5 pilot alliances**
- **We report back on progress**